

STATEMENT BY CONGRESSMAN GEORGE MILLER

Senior Democrat, House Education and the Workforce Committee

“PENSION FAIRNESS AND FULL DISCLOSURE ACT”

PRESS CONFERENCE

MAY 10, 2005

I am pleased to be here today with Sen. Ted Kennedy, Rep. Jan Schakowsky, and Rep. Pete Stark, and with Patrice Anderson of the Association of Flight Attendant and Robyn Eulo of the Machinists Union. Patrice and Robin are fighting to protect the pension plans of United Airlines' employees.

It's very interesting: President Bush has time to fly around the country trying – unsuccessfully – to drum up support for his risky Social Security privatization scheme and now, for his plan to slash middle class Social Security benefits. Meanwhile, neither he nor his congressional leaders are paying any real attention to millions of Americans whose pensions are evaporating day after day.

How many companies have to fail, how many companies have to abandon their pension plans, how many companies have to downsize their pension benefits before President Bush and the Congress pay substantive attention to this problem? We've been trying for years, but despite Enron scandals and pension collapses in key industries, there's been no action.

There are plenty of examples of abuse – here are just a few:

-- In 2002, US Air CEO Stephen Wolf took his pension in a lump sum of \$15 million (calculated with 24 years of service Wolf never performed), just six months before the company filed for Chapter 11 bankruptcy.

-- Three months before United Airlines filed for bankruptcy in the same year, the company placed \$4.5 million in a special, bankruptcy-protected trust for its CEO, Glen Tilton.

-- In 2001, two years after cutting older workers' pensions by half, IBM contributed \$288,000 to CEO Lou Gerstner's deferred compensation plan. The following year, Gerstner retired with a pension of \$1.1 million per year – and was given the keys to company-owned apartments, cars, and planes, as well as access to home security and financial planning services.

-- In November 1999, the LTV Corp. established trusts for executive retirement plans. At the end of 2000, LTV filed for bankruptcy. Four months later, the company promised an executive that it would transfer assets in those trusts to a new one in the executive's name. Less than a year after this executive agreement was reached, the LTV workers' pension plan was dumped onto the PBGC, with many of the 82,000 covered workers seeing their earned benefits cut as a result.

Today, Democrats are offering an important and overdue reform: stop rewarding corporate executives with lavish retirement golden parachutes while slashing the retirement benefits of employees.

Hard working Americans are fed up with one set of rules for the corporate suites and another – less generous set – for the men and women who work for the company.

The bill that we are introducing today –

- says companies can't inflate executive pensions for five years after dumping the company's pension plans onto the Pension Benefit Guaranty Corporation, which insures pensions;
- treats executive pensions like the plans of the rank-and-file: no funding for executive benefits unless the regular pensions are at least 75 percent funded;
- requires companies to disclose their executives' retirement compensation plans to their workers.

Remember what President Bush said during the Enron debacle -- "If it's OK for the sailor, it ought to be OK for the captain."

You want a new idea? Democrats have a new idea:

The executives shouldn't get a new yacht when the employees are left with a leaky rowboat. Executives shouldn't get multi-million dollar retirement bonuses while workers face deep benefit cuts in their pensions. Most people would agree with us that that just isn't fair.

What's happening to United Airlines' employees is just the most recent example of what's unfair and wrong with the pension system. United is dumping its employee pension plans onto the PBGC -- more than \$9 billion worth -- as part of its bankruptcy process. That's the largest single addition in PBGC liability since the agency was founded more than a quarter century ago.

We are proud to be here today to support the flight attendants and other United employees who face massive benefit cuts if United unloads these pensions onto the PBGC.

Workers who have dedicated their whole lives to a company – and who have been integral to that company's growth and success – have earned their retirement benefits.

They have a right to them. Their concerns are not theoretical. They are not decades away. They are immediate. And many of them will have no chance to recoup their losses.

Instead of manufacturing crises and offering disastrous solutions that hurt the middle class, President Bush and Congress should pay attention to pension problems that exist right now. Employees need our help. We've offered a new idea: let's act on it.